

NEW HAMPSHIRE STATE LIQUOR COMMISSION

MINUTES OF MEETING – OCTOBER 27, 2004

PRESENT: Chairman Anthony Maiola and Commissioners John Byrne and Patricia Russell; Craig Bulkley, Bureau Chief of Administrative Services; Aidan Moore, Chief of Enforcement; Howard Roundy, Director of Information Technology; George Tsiopras, Chief Financial Officer; Nicole Horton, Wine Marketing Specialist. **Guests:** Al Picconi, United Beverages, Inc.; Michael Goclowski, Law Warehouses.

EXCUSED: John Bunnell, Administrator of Marketing & Sales; Richard Gerrish, Spirits Marketing Specialist; Evie Taft, Human Resources Administrator; Peter Engel, Director of Store Operations.

I. FINANCIAL & ADMINISTRATIVE REPORTS

1. Financial Reports

A. Weekly, Y-T-D Sales Reports:

The SA1000 report for the week ending October 24, 2004 shows retail sales were up a little over 2.1%, on-premise sales were up almost 1.4%, off-premise sales were down -14.2%, and total aggregate sales were down -1.3%. The traffic count was up by 1,893, but the average sales ticket was down by \$.13.

The W-1 Total Weekly Sales report for the same period confirms total sales were down -1.3% or (\$92,257), but were up for the year by 6.4% or \$8,000,205. Wine sales were down -5.56% or (\$190,393) for the week, and were up 7% or \$3,907,911 for the year. Sales of spirits increased 2.67% or \$98,135 for the week, and also increased year-to-date by about 5.9% or \$4,092,294.

B. Budget/Administrative Reports:

There was nothing of significance to report regarding depletions/post-offs or gift cards over the past week.

A state inspector came in yesterday to inspect the headquarter's elevator and indicated that the recent rule change did not apply to our elevator. As a result, we will receive notice that we passed our annual inspection.

Last Wednesday Craig and George met with the state's CIO regarding the overall budgeting process as it relates to the Commission. Craig felt there was a very good exchange of information. There was some uncertainty as to who will pay for basic supplies. Howard and Craig will revisit this subject and correct any problems.

The current W-6 Expense Budget Activity Variance Report indicates the year to be at around 32% expired, with about 32.8% of the budget expended. Class 50 and 60 accounts are being closely monitored.

A draft copy of the Annual report has been prepared and will be submitted to the Commission for further direction, comments and/or changes. George hopes to have everything completed by the end of next week.

Work continues on the FY06 and FY07 budgets requested by the Governor. The word from Administrative Services is that the deadline for next Monday won't probably hold, as some of the bigger agencies are experiencing difficulties. Although the deadline may be extended until the end of next week, George hopes to have the Commission's part finished by the end of this week.

2. IT Report

Verbage for the gift cards has been finalized on the web site, and IT is now working on the printing process. This project should be ready to go live by next Monday.

At the recent NABCA meeting there was discussion relative to equipment being used by West Virginia for scanning driver licenses which utilizes an open bar code. Another item of discussion was bioterrorism. IT was concerned about being asked to do some tracking, but the Products and Procedures Committee did not seem to be concerned about this. Another topic which may be resurrected due to increased interest by vendors is the product quote system.

3. Human Resources Report: None given.

II. MARKETING & SALES REPORTS

1. Store Operations

Total store sales for the week ending 10/24/04 increased by 2.13% or \$113,492.72.

A. Store #28-Seabrook Beach – Hours of Operation Recommendation:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve the seasonal reduction in store hours for Store #28, Seabrook Beach, effective October 29, 2004 through December 31, 2004,

as recommended by Peter Engel, Director of Store Operations and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

2. Purchasing Report: None given.

3. Merchandising Report

A. SPIRITS:

1) Test Market Products:

a. Test Market Request (44 Degrees North Huckleberry):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission deny a request from Horizon Beverage Company/Icon Brands for a new test market listing for 44 Degrees North Huckleberry Infused Vodka, 750ML size, as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

b. Test Market Request (Arrow Anisette Liqueur):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve a request from United Beverages, Inc./David Sherman Corporation for a new test market listing for Arrow Anisette Liqueur, 750ML size (assigned Code #5215), as recommended by Richard Gerrish, Spirits Marketing Specialist. The motion was unanimously adopted.

c. Test Market Results (Codes #3433, #3431 & #3432):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve specialty item status for Code #3433, Shakers Wheat Vodka, 750ML size, as this item achieved the gross profit required for specialty consideration at the conclusion of a six-month test market period, and delist Code #3431, Shakers Rose Vodka and Code #3432, Shakers Rye Vodka, 750ML sizes, as both products failed to achieve the gross profits required for full distribution and specialty consideration at the conclusion of a six-month test market period, as recommended by Richard Gerrish, Spirits Marketing Specialist. The motion was unanimously adopted.

2) Line Extension Request (Amaretto di Amore Classico, 1.75L):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve a request from United Beverages, Inc./Barton Brands for a line extension on Amaretto di Amore Classico Amaretto, 1.75L size, as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

3) Swap Request (Svedka Vodka):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve a request from United Beverages, Inc./Spirits Marque One to swap Code #3804, Svedka Vodka, 750ML size, to a new 1.75L size (assigned Code #5504), as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

4) Additional November Special Offer (1 item – United Beverages):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve an additional special offer from United Beverages, Inc., based upon special purchase allowances for one (1) spirit item, to be featured on sale during November 2004, as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

5) Revised December Offer (1 item – United Beverages):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve a revised special offer from United Beverages, Inc., based upon special purchase allowances for one (1) spirit item, to be featured on sale during December 2004, as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

B. WINES:

1) Special Offers for December 2004:

a. 21 items – Charles Zoulias:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve special offers from Charles Zoulias, based upon depletions and special purchase allowances for

twenty-one (21) wine items, to be featured on sale during December 2004, as recommended by Nicole Brassard, Wine Marketing Specialist. The motion was unanimously adopted.

b. 20 items – Wineberries, Ltd.:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve special offers from Wineberries, Ltd., based upon depletions and special purchase allowances for twenty (20) wine items, to be featured on sale during December 2004, as recommended by Nicole Brassard, Wine Marketing Specialist. The motion was unanimously adopted.

c. 7 items – Pine State Trading Co./E&J Gallo Winery:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve special offers from Pine State Trading Company/E & J Gallo Winery, based upon depletions for seven (7) wine items, to be featured on sale during December 2004, as recommended by Nicole Brassard, Wine Marketing Specialist. The motion was unanimously adopted.

d. 1 item (revised) – Executive Wine & Spirits:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve a revised special offer from Executive Wine & Spirits, based upon depletions for one (1) wine item, to be featured on sale during December 2004, as recommended by Nicole Brassard, Wine Marketing Specialist. The motion was unanimously adopted.

e. 145 items – Martignetti Companies of N.H.:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve revised special offers from Martignetti Companies of N.H., based upon depletions and/or special purchase allowances for one hundred forty-five (145) wine items, to be featured on sale during December 2004, as recommended by Nicole Brassard, Wine Marketing Specialist. The motion was unanimously adopted.

f. 80 items – Horizon Beverage Company:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve special offers from Horizon

Beverage Company, based upon depletions and/or special purchase allowances for eighty (80) wine items, to be featured on sale during December 2004, as recommended by Nicole Brassard, Wine Marketing Specialist. The motion was unanimously adopted.

2) Jorge Ordonez & Eric Solomon Wine Tastings:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve a request from M.S. Walker, Inc. to conduct two additional in-store tastings featuring Jorge Ordonez and Eric Solomon wines at Store #14 Rochester on November 6, 2004 and at Store #9 Dover on November 13, 2004, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

3) Fat Bastard Snowboard Sweepstakes:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve a request from Pine State Trading Company/Click Imports to conduct a Fat Bastard Snowboard Sweepstakes during December 2004, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

4) Delist (Code #19458):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission deny an appeal regarding the delisting of Code #19458, Ruffino Libaio Chardonnay, 750ML size, as recommended by Kathleen Hass, Director of Purchasing and Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

5) Recommended Wine Specialty Products (51 items):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve fifty-one (51) wine items to be designated as wine specialty products, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

6) Not Recommended – Wine Specialty (1 item):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission deny one (1) wine item to be designated as a wine

specialty product, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

7) Recommended Allocated Wines for Distribution to Selected Stores (20 items):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve twenty (20) allocated wines for distribution to selected stores, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

8) “R” Wines for Allocation to Licensees Selected by the Broker, and Retail Distribution (2 items):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve two (2) restricted wines for allocation to licensees selected by the broker, and retail distribution, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

9) Primary Source Submissions (8 – exclusive agent; 31 – imported):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve the listing of eight (8) wine codes which are not from primary source, but are offered by the exclusive marketing agent, and thirty-one (31) wine codes which are not from primary source, but are imported, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

III. ENFORCEMENT & LICENSING REPORT – None.

IV. CHAIRMAN’S REPORT & LATE ITEMS

1. Bailment Requests:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve all previously reviewed requests for bailment releases/transfers dated October 21 through October 27, 2004. The motion was unanimously adopted.

2. Coupon Approvals:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve all previously reviewed coupon requests (pad, necker and consumer offers) submitted for November 2004. The motion was unanimously adopted.

3. Late Items:

a. One Time Buy Request:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve an offer from Horizon Beverage Company/Sidney Frank Import Company, of a one-time buy on Jagermeister, 200ML size (assigned new Code #5401), as recommended by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

b. Special Offers for December 2004:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve special offers from United Beverages, Inc., based upon depletions and/or special purchase allowances for one hundred seventy-seven (177) wine items, to be featured on sale during December 2004, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

c. Recommended Allocated Wines for Distribution to Selected Stores:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve thirty-four (34) allocated wines for distribution to selected stores, as recommended by Nicole Brassard, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

Anthony C. Maiola, Chairman

John W. Byrne, Commissioner

Patricia T. Russell, Commissioner